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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Sprint.

October 5, 1993

EX PARTE PRESENTATION

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., #222
Washington, D.C. 20554

Re: CC Docket No. 92-77, Billed Party Preference

Dear Mr. Caton:

Sprint Communications Company hereby responds to the September 3, 1993 ex parte presentation by Ameritech on 14-digit screening. In its letter, Ameritech raises a number of technical, administrative, and customer service objections to the concept of 14-digit screening.

Before addressing those objections, Sprint would like to place 14-digit screening in context. The underlying policy issue is whether any carrier or carrier group should have a monopoly on the most consumer-friendly card format in a billed party preference environment. Sprint has supported 14-digit screening in order to give interexchange carriers the option of issuing calling cards in the convenient line number format (billed telephone number plus a four digit PIN, or "BTN+4"), that can be used with 0+ dialing when billed party preference is implemented. If both an IXC and a LEC are to issue BTN+4 cards to subscribers, the IXC-issued cards must, as a practical matter, be stored in the LECs' LIDB databases. Since a customer may then have both a LEC-issued card and an IXC-issued card, it would be necessary to expand the screening capability of the LIDB databases to 14 digits so that the LEC could validate the card and determine which IXC the call should be sent to, as well as which carrier -- itself or the card issuing IXC -- is responsible for billing and collection for the call. Without 14-digit screening, IXCs wishing to issue BTN+4 cards would have to forego 0+ dialing and force their customers to dial an access code instead. Nowhere does Ameritech estimate the added costs of modifying the LIDB databases so as to provide this 14-digit screening function, nor does Ameritech attempt to quantify the problems it asserts would be caused by 14-digit screening. Other major LECs have put a

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quite modest price tag on 14-digit screening: $2 million or less.[1]

Ameritech states, in its cover letter, that if 14-digit screening is required, it would no longer support adoption of billed party preference. Whether Ameritech supports or opposes billed party preference is, in the final analysis, irrelevant. It is solely for the Commission to decide whether, and what form of, billed party preference is in the public interest. Ameritech's opposition to 14-digit screening cannot be divorced from or (paradoxically) reconciled with its current "full court press" to enter the interexchange market.[2] If Ameritech "wins" on the 14-digit screening issue, its victory will impede its effort to enter the interLATA market. Surely Ameritech cannot expect to be allowed to enter the interLATA market if it has market power advantages over other carriers, such as having the sole right (in its region) of issuing calling cards in the most convenient numbering format; at the very least, Ameritech would have to expect that it would have to forfeit that advantage as a condition to its entry. If Ameritech wished to facilitate its interLATA entry on fair and even-handed terms, it would support, rather than oppose, 14-digit screening. It is no answer to suggest, as Ameritech does (see p. 3 infra) that it is willing to "share" BTN+4 cards with IXCs. It is unrealistic to expect that any IXC would want to "share" a calling card with a company that is pulling out all stops to become a competitor.

As will be explained below, Ameritech's objections to 14-digit screening are without merit. Since Ameritech has not paginated its submission, for convenience, Sprint's response will correspond to the topic headings used in Ameritech's presentation. It will become apparent from Sprint's issue-by-issue response that there are two overarching flaws in Ameritech's analysis which account for the vast majority of the alleged problems created by 14-digit screening. First, Ameritech erroneously assumes that end users are its customers and that any end user having a BTN+4 calling card will turn to Ameritech for customer service, whether or not Ameritech is the issuer of that card. End users belong to no one. They use local services of LECs and long distance services of IXCs and may request a calling card from either company. Ameritech should not be burdened with customer service problems on IXC-issued cards, and indeed should

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[1] See Sprint's Ex Parte Presentation dated September 1, 1993.

[2] See Ameritech's Petition for a Declaratory Ruling and Related Waivers to Establish a New Regulatory Model for the Ameritech Region, filed March 1, 1993.

not intrude on the IXC's relationship with end users. The second fundamental error in Ameritech's analysis is the assumption that 14-digit screening will reduce customer choice by precluding customers from using 10XXX or 800 access codes to reach carriers other than the card issuing carrier. As explained below, Sprint does not believe that this will be the case. Any carrier would be able to validate any calling card stored in the LECs' LIDBs. Thus, 14-digit screening will not decrease the options available to consumers, but will increase those options by permitting consumers to have multiple BTN+4 cards that are compatible with billed party preference.

INTRODUCTION

Ameritech claims that "no end user need has been identified" for multiple PINs -- i.e., multiple BTN+4 cards -- and states that "end users have expressed a preference to use a single card and carrier for all of their telecommunications needs." To a great extent, Sprint agrees with Ameritech. While there are some consumers that will want calling cards from several carriers, such customers will constitute a small minority of calling card users. Thus, we agree with Ameritech that at least the vast majority of end users want to use a single card and carrier for their long-distance calls. That is precisely why Sprint advocates 14-digit screening. Consumers who want to deal with Sprint (or AT&T, or MCI) as their single carrier should have the right also to enjoy the convenience of a line-numbered card without being forced to use the LEC as a middleman.

Ameritech's subsequent suggestion that it would be willing to share its cards with any interested IXC misses the point: Ameritech would interpose a LEC between customers and their IXCs whether or not customers want LECs to play that role. And, while Ameritech does not explain how such "sharing" would work, it is safe to assume Ameritech would arrogate to itself the right to bill and collect for calls made with the card and would be the customer's primary point of contact. If the customer prefers, there is no reason why the IXC should not be the primary interface for both customer service and billing and collection. Moreover, shared cards pose questions as to whether various value-added features that IXCs have recently begun to offer -- and which may be a focal point of IXC competition in the calling card market in the future -- will be compatible with cards that are administered by local exchange carriers.

If Ameritech is willing to cede to the customer the decision of who should be authorized to issue a line numbered card -- the customer's LEC or the customer's preferred IXC -- Sprint would agree with Ameritech that 14-digit screening is unnecessary. In that case, only a single BTN+4 card would be stored in LIDB, and that card could be issued either by an IXC or a LEC. If the

customer asks for an IXC-issued BTN+4 card, the only role of the LEC would be to maintain the card in the LIDB database. The IXC would be responsible for billing and collection, would handle all calls it is legally authorized to complete, and would be the customer's point of interface for any service questions.

Ameritech also claims that 14-digit screening would be harmful to consumers because it would reduce their range of options. At present, any IXC can validate the LEC-issued line number based cards in LIDB, and a LEC cardholder could dial an access code to reach a carrier other than its preferred IXC if it wished. However, Ameritech asserts that under 14-digit screening "the customer would be incapable of using an IXC other than the ones to which the PIN is dedicated." Sprint does not envision 14-digit screening as restricting such consumer choice. It is Sprint's understanding that it would be very difficult to modify the LIDB so that only the card-issuing IXC could validate the cards it is storing in the LIDB. Thus, Sprint assumes that with 14-digit screening, any carrier -- LEC or IXC -- could validate the number of any card stored in the LIDB. This would permit an IXC cardholder to dial an access code to reach any other IXC's operator service. Thus, 14-digit screening would not restrict the options available to the consumer, as Ameritech implies.

CALL PROCESSING, CARRIER IDENTIFICATION AND VALIDATION FUNCTIONS

Ameritech asserts that 14-digit screening will result in a number of situations in which calls cannot be completed. These scenarios are described in Attachment A to Ameritech's ex parte presentation. Many of these processing failures are premised on Ameritech's assumption that the LEC LIDB can only validate a card number if the carrier to whom the call would be routed is the carrier associated with the PIN in the database. As explained above, Sprint does not envision this as being a requirement of 14-digit screening. If, for example, a customer dials a 10XXX code to override his or her normal choice of carrier, or uses such a code to reach another carrier in instances where his or her preferred carrier does not serve the point of origin, the LEC will be permitted to validate the call and allow the call to go forward.[3]

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[3]Some of Ameritech's scenarios assume that access to the LIDB database is unavailable because of network congestion or failure. Sprint's experience is that such instances are so infrequent and of such short duration that it is a negligible concern. If Ameritech believes the reliability of LIDB or access thereto is a problem, it should undertake to fix those problems regardless of whether 10-digit or 14-digit screening is required.

ORDERING AND ASSOCIATED INFORMATION FLOWS

New Service. Ameritech concedes that for subscribers establishing initial service, the procedures for customer handling under BPP would not be affected by 14-digit screening. However, Ameritech subsequently states that "systems and service representative training would have to be equipped to handle the possibility [that a customer would request a different IXC for calling card calls versus other 0 dialed calls (such as collect calls)] should 14-digit screening be required." Sprint fails to see why this is the case. It is Sprint's understanding that even with the present 10-digit screening, end users would have to designate the same IXC for both LEC calling card calls and other 0+ or 0- calls (such as collect calls and calls billed to a third number) -- i.e., LIDB does not have the capability to designate one IXC for collect calls, another IXC for third-number calls and a third IXC for LEC calling card calls. Sprint does not envision that this should change with 14-digit screening, and these PIC designations -- i.e., the consumer's PIC for its LEC-issued card and other 0+ calls -- are the only PICs for which the LECs will have to interface with consumers. If the customer wished to have an IXC-issued BTN+4 card, using either the same IXC or a different IXC than the one to which his or her LEC card is PICed, the consumer would order that card directly from the IXC; if the customer mistakenly requests an IXC card from the LEC, the LEC should simply refer the customer to the IXC.

Ameritech also asserts that if the subscriber moves within Ameritech's region and previously had multiple BTN+4 cards with multiple IXC designations, Ameritech would need to ascertain whether the subscriber wished to continue all of the cards on the new account. Again, Sprint believes that the LEC's only responsibility to the customer is for the LEC-issued cards; the status of the IXC-issued cards is a matter between the consumer and the IXCs.

Change In Existing Service. As in the case of new service, discussed above, Ameritech erroneously assumes that when customers ask to change the PIC of their LEC-issued cards, it would also be the LEC's responsibility to ascertain the status of the customers' IXC-issued cards. With 14-digit screening, the LEC would only be responsible for administration of cards it issued and for other 0+ calls -- collect and third party billed calls. The IXC would be responsible for its own customer service and administration of the calling cards it issues.

IXC Orders. Ameritech claims that with 14-digit screening, the IXC-to-LEC ordering interface must be able to accommodate end user requests for IXC cards and end user requests for IXC cards with a user-specified PIN. Ameritech also questions how

customers could change from a card issued by one IXC to a card issued by another IXC without changing their PIN. These questions are all irrelevant -- LECs should not be involved in end user requests for IXC-issued cards. If a customer makes such a request, the LEC should merely refer the customer to his or her preferred IXC. When the customer changes from one IXC to another, it is up to those IXCs to satisfy the customer's wishes (e.g., retaining the same PIN). Should a conflict arise from IXC orders transmitted to LECs to load certain card numbers or PICs into the database, established procedures for disputed PIC changes could apply.

FRAUD AND DATABASE INTEGRITY

Ameritech states:

> Introduction of IXC specific PINs creates an expectation of IXC specific thresholds and deactivation routines. These routines or processes may include development of IXC interfaces which would give IXC's real time information on card usage against their PIN, as well as providing the IXC the means of deactivating their IXC specific PIN in real time.

Ameritech also argues that it is unclear (1) when Ameritech should deactivate all cards associated with a specific line number, as opposed to removing only an IXC specific PIN at that IXC's request; and (2) whether IXCs would want Ameritech to activate one of their PINs without their or their cardholder's prior authorization. Ameritech also expresses concern over IXC requests for customization of fraud detection and procedures for removal of "dead" cards to ensure the integrity of information remaining in the LIDB database.

Sprint believes that it and other major IXCs are every bit as interested in fraud control and database integrity issues as the LECs themselves and that the issues that Ameritech has raised are ones that can be resolved satisfactorily through joint LEC/IXC development of standards and procedures between now and the time billed party preference can be implemented. If a particular IXC has stricter usage thresholds for fraud detection than the standard, it should be responsible for determining compliance with its own stricter thresholds by monitoring usage on its own network and should be able to direct the LIDB owner to deactivate the card before the card usage reaches the standard threshold. In this fashion, IXC-specific thresholds can be accommodated without requiring the imposition of multiple thresholds in the LIDB itself.

TROUBLE REPORTING AND CUSTOMER SERVICE IMPACTS

Ameritech claims that there will be considerable additional complexity to dealing with customer trouble reports or complaints because the customer may not be aware of all pertinent information needed to address such situations. Sprint believes the questions Ameritech has raised on this point are reflective of its erroneous view that the LEC can and should serve as a customer interface for IXC-issued BTN+4 cards. Sprint's calling cards include a toll-free customer service number that is usable 24 hours a day, seven days a week, and Sprint would expect that other card-issuing carriers do the same. If a customer is experiencing difficulty completing a calling card call, in the vast majority of cases the customer will report the trouble to the card-issuing carrier by calling the customer service number shown on the card. In those instances where a customer dials a LEC operator or customer service agent instead, the LEC can simply ask the customer whose card he or she was using and request that the customer contact that carrier's customer service representatives.

OTHER ISSUES AND CONCERNS

Ameritech states that with 14-digit screening and multiple BTN+4 cards, "problems with cardholders forgetting their PIN and with being billed by an IXC other than the one they expected will be exacerbated." The PIN is shown on the face of the calling card, and if the customer does not have the calling card at the time a call is attempted, he or she can use an alternative means of billing (such as a collect call or a call billed to the customer's home number). In the latter case, the call will be billed to the IXC designated for such 0+ calls. Thus Sprint fails to see how the customer can be billed by an IXC other than the one expected.

Ameritech also claims that the customer's ability to override the preferred carrier would be eliminated. That is not the case. As discussed previously, the customer can continue to dial an access code to reach any IXC in a 14-digit screening environment, and that IXC would be able to validate the calling card through LIDB.

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The problems raised by Ameritech with respect to 14-digit screening either will not arise at all or are easily surmountable. However, Sprint wishes to reemphasize that the essential

underpinning of its support for 14-digit screening is that the end user should have the right to receive an IXC-issued BTN+4 calling card that is usable with 0+ dialing in a billed party preference environment. There are two ways to accomplish this: (1) 14-digit screening; or (2) allowing the consumer to have a single BTN+4 card but to choose whether its LEC or its IXC issues that card. Sprint has favored the former course of action based in part on the belief that the LECs would not want to give up the right to issue their own calling cards and in part on the belief -- that has not been disproven by Ameritech's lengthy submission -- that 14-digit screening would not significantly raise the cost of billed party preference and would not create any unworkable administrative issues as between the LECs and the IXCs. However, if the Commission deems the second alternative -- allowing just one BTN+4 card, but allowing the consumer to choose whether its LEC or its IXC issues such a card -- less costly and simpler to administer, Sprint would not oppose that course of action. If Sprint is correct that the BTN+4 format has a clear advantage over other card numbering formats, Ameritech (and other LECs) should have no right to a monopoly over that format. If Sprint is wrong about the advantages of the BTN+4 format, the LECs shouldn't care whether or not they are able to issue cards in that format.

An original and one copy of this letter are being filed.

Respectfully submitted,

H. Richard Juhnke
General Attorney

cc: Gary Phillips (FCC)
Mark Nadel (FCC)
Michael S. Pabian (Ameritech